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Financial Report
Louisiana Disaster Recovery Foundation
June 30, 2007

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Release Date 4-9-08



Bourgeois Bennett

Certified Public Accountants | Consultants
A Limited Liability Company

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June 30, 2007

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Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Louisiana Disaster Recovery Foundation,
Baton Rouge, Louisiana.

We have audited the accompanying statement of assets, liabilities, and net assets - modified cash basis of the Louisiana Disaster Recovery Foundation (the Foundation) as of June 30, 2007 and the related statement of revenues, expenses and changes in net assets - modified cash basis for the year ended June 30, 2007. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1b, these financial statements were prepared on a modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Consequently, certain revenues and related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of the Louisiana Disaster Recovery Foundation as of June 30, 2007, and its revenues, expenses and changes in net assets for the year ended June 30, 2007, on the modified cash basis of accounting described in Note 1b.

In accordance with Government Auditing Standards, we have also issued our report, dated December 28, 2007, on our consideration of Louisiana Disaster Recovery Foundation's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
December 28, 2007.

**STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS -
MODIFIED CASH BASIS**

Louisiana Disaster Recovery Foundation

Baton Rouge, Louisiana

June 30, 2007

ASSETS

Assets

Cash and cash equivalents		
Cash in bank - operating accounts	\$ 2,098,515	
Money market accounts	<u>28,548,988</u>	\$ 30,647,503
Furniture and equipment, net		44,549
Deposits		<u>3,805</u>
Total assets		<u>\$ 30,695,857</u>

LIABILITIES AND NET ASSETS

Liabilities

Payroll taxes withheld	\$ 4,102
------------------------	----------

Net Assets

Unrestricted	\$ 27,084,255	
Temporarily restricted	<u>3,607,500</u>	<u>30,691,755</u>
Total liabilities and net assets		<u>\$ 30,695,857</u>

See notes to financial statements.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - MODIFIED CASH BASIS**

**Louisiana Disaster Recovery Foundation
Baton Rouge, Louisiana**

For the year ended June 30, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2007 Total</u>
Support and revenues			
Contributions	\$ 16,828,573	\$ -	\$ 16,828,573
Interest, dividends	1,343,796		1,343,796
In-kind	5,000		5,000
Net assets released from restriction	<u>3,795,000</u>	<u>(3,795,000)</u>	<u>-</u>
Total revenues	<u>21,972,369</u>	<u>(3,795,000)</u>	<u>18,177,369</u>
Expenses			
Grants	5,596,950		5,596,950
Consultants	651,523		651,523
Salaries and wages	396,451		396,451
Advertising	107,512		107,512
Travel	101,753		101,753
Office expense	81,343		81,343
Bank	81,183		81,183
Rent	56,580		56,580
Insurance	37,300		37,300
Payroll tax expense	30,296		30,296
Depreciation	10,596		10,596
Professional fees	10,348		10,348
Other	<u>9,457</u>		<u>9,457</u>
Total expenses	<u>7,171,292</u>	<u>-</u>	<u>7,171,292</u>
Changes in Net Assets	<u>14,801,077</u>	<u>(3,795,000)</u>	<u>11,006,077</u>
Net Assets			
Beginning of year	<u>12,283,178</u>	<u>7,402,500</u>	<u>19,685,678</u>
End of year	<u>\$ 27,084,255</u>	<u>\$ 3,607,500</u>	<u>\$ 30,691,755</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

**Louisiana Disaster Recovery Foundation
Baton Rouge, Louisiana**

June 30, 2007

Note 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Organization and Nature of Activities

The Foundation was incorporated under the laws of Louisiana on August 31, 2005, for the purpose of collecting and distributing donations to private and public entities for disaster relief for losses and/or damages brought on as a result of Hurricane Katrina. The Foundation will be operated exclusively for charitable purposes as a nonprofit corporation and shall have no capital stock.

b. Basis of Accounting

The accompanying financial statements of the Foundation have been prepared on the basis of cash receipts and disbursements, with the following exceptions:

- Furniture and equipment are capitalized and depreciated as described in Note 1f.

The modified cash basis of accounting differs from generally accepted accounting principles primarily because the Foundation has not recognized contributions receivable, interest receivables, and payables for grants, salaries and wages, payroll taxes and other expenses and their related effect on the change in net assets.

Note 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements for Not-For-Profit Organizations." Under SFAS No. 117, net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets that are subject to Louisiana state law or donor-imposed stipulations that may or will be met by actions of the Foundation. These restrictions are considered to expire when payments for restricted purposes are met.

Permanently Restricted Net Assets - Net assets that are subject to donor-imposed stipulations that the principal not be expended, but rather invested to provide a permanent source of income for the Foundation.

d. Use of Estimates

The preparation of financial statements in conformity with the modified cash receipts and disbursements basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

e. Cash and Cash Equivalents

The Foundation considers all highly liquid investments in money market funds available for current use with an initial maturity of three months or less to be cash equivalents.

Note 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Furniture and Equipment

Furniture and equipment are recorded at cost. Depreciation is computed using the straight-line method over estimated useful lives of five years for computers and computer software, and ten years for all other furniture and equipment. Repairs and maintenance are charged to expense as incurred; major renewals and replacements and betterments are capitalized. Cost at June 30, 2007 totaled \$64,519 and accumulated depreciation at June 30, 2007 was \$19,970. The depreciation expense for the year ended June 30, 2007 totaled \$10,596.

g. Revenue Recognition

Dividends and interest earned on investments are reported as unrestricted revenues.

h. Contributions and Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Revenues, Expenses and Changes in Net Assets - Modified Cash Basis as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same accounting period are reported as unrestricted support and revenues.

i. In-Kind Support

The Foundation records the in-kind value of goods and services contributed to support various activities as support and related expenses. In-kind support was \$5,000 for the year ended June 30, 2007, which included donations for consulting services.

Note 2 - RESTRICTIONS ON ASSETS

Temporarily restricted net assets are restricted by donors for specific programs or purposes. These restrictions are considered to expire when payments for restricted purposes are made. None of the temporarily restricted net assets as of June 30, 2007 are time-restricted by donors.

Temporarily restricted net assets at June 30, 2007 are available for the following purposes:

Housing grants	\$ 3,205,000
Educational infrastructure rebuilding	350,000
Student/College and University	
Emergency Assistance Fund	<u>52,500</u>
Total	<u>\$ 3,607,500</u>

The Foundation does not have permanently restricted net assets as of June 30, 2007.

Note 3 - INCOME TAX STATUS

The Foundation has received a tax-exempt ruling under section 501(c)(3) from the Internal Revenue Service and, accordingly, is not subject to Federal income tax unless the Foundation has unrelated trade or business income.

Note 4 - COMMITMENTS

The Foundation leases space for its office facilities in Baton Rouge. Future minimum payments required under the leases are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Amount</u>
2008	\$ 39,600
2009	<u>29,700</u>
Total	<u>\$ 69,300</u>

Rental expense under this lease for the year ended June 30, 2007 was \$39,600.

Note 5 - CONCENTRATIONS OF CREDIT RISK

The Foundation maintains its cash and cash equivalent accounts with one financial institution. Its operating cash account balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. The Securities Investor Protection Corporation insures these accounts up to \$500,000 (with a limit of \$100,000 for cash). At June 30, 2007, the Foundation's cash balance for the operating and clearing bank accounts in excess of the insured limit was approximately \$2,021,000, and its cash equivalent balance (maintained in Federated Treasury Obligations) was approximately \$28,449,000 in excess of the insured limit.

For the year ended June 30, 2007, the Foundation received approximately 91% of its total support from one source.

Note 6 - FUNCTIONAL ALLOCATION OF EXPENSES

Expenses have been reported on the Statement of Revenues, Expenses and Changes in Net Assets - Modified Cash Basis by natural classification. To present expenses by functional classifications, expenses are charged to program services and supporting services (management and general expense) based on management's estimate of periodic time and expense evaluations. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Foundation.

Total expenses for the year ended June 30, 2007 are allocated as follows:

Program services	\$ 6,302,871
Management and general	<u>868,421</u>
Total expenses	<u>\$ 7,171,292</u>

Note 7 - EMPLOYEE BENEFITS

The Foundation maintains a defined contribution retirement plan, which allows participants to make contributions by salary reduction pursuant to Section 403(b) of the Internal Revenue Code. Under the terms of the Plan, full time employees may participate in the plan after the first day of employment. The Foundation will provide an employer match equal to 50% of the first 8% of compensation contributed by employees. The Foundation's contributions, which become fully vested upon participation by the employees, totaled \$5,145 for the year ended June 30, 2007.

The Foundation also provides health, dental and short-term disability benefits to its employees. Premiums and administrative costs, which are paid by the Foundation, totaled \$28,261 for the year ended June 30, 2007.

SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

**REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees,
Louisiana Disaster Recovery Foundation,
Baton Rouge, Louisiana.

We have audited the financial statements of Louisiana Disaster Recovery Foundation (the Foundation), as of June 30, 2007, and have issued our report thereon, dated December 28, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Foundation's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Foundation's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Foundation's financial statements that is more than inconsequential will not be prevented or detected by the Foundation's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Foundation's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in the internal control over financial reporting that we consider to be a material weakness, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended for the information of the Board of Trustees, management, the State of Louisiana, and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
December 28, 2007.

SCHEDULE OF FINDINGS AND RESPONSES

Louisiana Disaster Recovery Foundation Baton Rouge, Louisiana

For the year ended June 30, 2007

Section I - Summary of Auditor's Report

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weakness? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

b) Federal Awards

Louisiana Disaster Recovery Foundation did not receive federal awards during the year ended June 30, 2007.

Section II - Financial Statement Findings

No financial statement findings were noted during the audit of the financial statements for the year ended June 30, 2007.

Section III - Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Louisiana Disaster Recovery Foundation Baton Rouge, Louisiana

For the year ended June 30, 2007

Section I - Internal Control and Compliance Matters to the Financial Statements

Internal Control

No material weaknesses were noted during the audit of the financial statements for the year ended June 30, 2006.

No reportable conditions were reported during the audit of the financial statements for the year ended June 30, 2006.

Compliance

No compliance findings material to the financial statement were noted during the audit of the financial statements for the year ended June 30, 2006.

Section II - Internal Control and Compliance Material To Federal Awards

Louisiana Disaster Recovery Foundation did not receive Federal awards in excess of \$500,000 during the year ended June 30, 2006 and therefore is exempt from the audit requirement under the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Section III - Management Letter

A management letter was not issued in connection with the audit of the financial statements for year ended June 30, 2006.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Louisiana Disaster Recovery Foundation
Baton Rouge, Louisiana

For the year ended June 30, 2007

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

No material weaknesses were noted during the audit of the financial statements for the year ended June 30, 2007.

No significant deficiencies were reported during the audit of the financial statements for the year ended June 30, 2007.

Compliance and Other Matters

No compliance findings were noted during the audit for the year ended June 30, 2007.

Section II - Internal Control and Compliance Material To Federal Awards

Not applicable.

Section III - Management Letter

A management letter was not issued in connection with the audit for year ended June 30, 2007.